AN ACT to amend 20.566 (2) (hm) and 66.1105 (4m) (b) 4.; and to create 66.1105 (4e), 66.1105 (6) (f) 2. c. and 66.1105 (7) (au) of the statutes; relating to: authorizing the designation of a tax incremental district as distressed, or severely distressed, and expanding the use of donor tax incremental districts.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.566 (2) (hm) of the statutes, as affected by 2009 Wisconsin Act 28, is amended to read:

20.566 (2) (hm) Administration of tax incremental, and environmental remediation tax incremental, financing programs. All moneys received from the fees imposed under ss. 60.85 (5) (a) and (6) (am), 66.1105 (4e) (f), (5) (a), and (6) (ae), and 66.1106 (7) (am) and (13) (b) to pay the costs of the department of revenue in providing staff and administrative services associated with tax incremental districts under ss. 60.85, 66.1105, and 66.1106, and to reimburse a municipality for costs incurred by the municipality related to the department’s administration of the tax incremental financing program.

SECTION 2. 66.1105 (4e) of the statutes is created to read:

66.1105 (4e) Distressed, or severely distressed, tax incremental districts. (a) Before the first day of the 24th month beginning after the effective date of this paragraph .... [LRB inserts date], and subject to par. (am) and the limitations in this subsection, a city may designate a tax incremental district that it created before October 1, 2008, as a distressed or severely distressed tax incremental district if all of the following occur or apply:

1. The local legislative body adopts a resolution finding that its project costs incurred, with regard to the tax incremental district, exceed the amount of revenues from all sources that the city expects the district to generate to pay off such project costs during the life of the district.

2. The clerk of the local legislative body certifies the resolution and forwards a copy of the certified resolution and a copy of all of the financial data that the local legislative body used in the adoption process under subd. 1. to the department of revenue and the joint review board.

3. Subject to par. (e), the planning commission amends the district’s project plan under sub. (4) (h) 1. to reflect the district’s distressed status.

4. The tax incremental district has been in existence for at least 7 years before the local legislative body adopts the resolution under subd. 1.

5. Except as provided in sub. 3., the local legislative body has not approved an amendment to the tax incremental district’s project plan after the effective date of this paragraph .... [LRB inserts date].

(am) To be designated as a severely distressed tax incremental district under par. (a), a district must meet all of the conditions under par. (a) and its value increment in any year must have declined at least 25 percent from the district’s highest value increment determined by the department of revenue over the course of the district’s

* Section 991.11, Wisconsin Statutes 2007-08: Effective date of acts. “Every act and every portion of an act enacted by the legislature over the governor’s partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated” by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].
life. The joint review board may request that the department of revenue certify that a district meets the decline in value increment percentage described in this paragraph.

(b) 1. Adoption of a resolution under par. (a) 1. shall be preceded by a public hearing held by the common council at which interested parties shall be afforded a reasonable opportunity to express their views on the proposed designation of a distressed, or severely distressed, tax incremental district. Notice of the hearing shall be published as a class 2 notice under ch. 985. The notice shall describe the resolution and shall advise that a copy of the resolution will be provided on request. The notice shall also explain that the life of a distressed tax incremental district may be extended, that it may receive excess tax increments from a donor district, and that the life of the donor district may be extended to provide such increments. Before publication, a copy of the notice shall be sent by 1st class mail to the chief executive officer of all local governmental entities having the power to levy taxes on property within the district and to the school board of any school district that includes property located within the proposed district. For a county with no chief executive officer or administrator, this notice shall be sent to the county board chairperson.

2. Following receipt of the resolution and the financial data under par. (a) 2., the joint review board shall evaluate the resolution and data to determine whether the designation of the district as a distressed, or severely distressed, district or the sharing of tax increments by a donor district with the distressed, or severely distressed, district is likely to enhance the ability of the city to pay its project costs related to the district within the time specified in par. (d) 2. The joint review board may approve or deny the designation and shall send a written copy of its findings to the common council.

3. A resolution adopted under par. (a) 1. may not take effect unless the joint review board approves, by resolution, the designation under subd. 2. The joint review board shall approve or deny the designation within 30 days after receiving the resolution under subd. 2.

(c) If the department of revenue prescribes any forms that the city clerk must complete as part of the designation of a distressed, or severely distressed, tax incremental district, the clerk shall submit the forms to the department on or before December 31 of the year the district is designated as distressed, or severely distressed.

(d) 1. Notwithstanding the time limits for the allocation of positive tax increments under sub. (6) (a), but subject to sub. (6) (a) 1., and notwithstanding the requirement under sub. (6) (f) 1. b., the department of revenue shall allocate positive tax increments for up to 10 years after a district would otherwise be required to terminate, if the district is designated as a distressed district under this subsection, or up to 40 years after the district is created, if the district is designated as a severely distressed district under this subsection.

2. Notwithstanding the time limits for termination under sub. (7) (ak) to (at), but subject to sub. (7) (a) and (b), a district may remain in existence for up to 10 years after the district would otherwise be required to terminate, if the district is designated as a distressed district under this subsection, or up to 40 years after the district is created, if the district is designated as a severely distressed district under this subsection.

3. Notwithstanding the time limits and other provisions for termination under sub. (7), a donor tax incremental district under sub. (6) (d), (dm), (e), and (f) may share tax increments with a distressed, or severely distressed, district until the earlier of the following occurs:

a. The distressed, or severely distressed, district terminates under sub. (7) (a), (au), or (b).

b. Following its creation, the donor district has existed for 10 years after the district would otherwise be required to terminate, if the district is sharing its increment with a district designated as a distressed district under this subsection, or until the donor district has been in existence for 40 years, if the district is sharing its increment with a district designated as a severely distressed district under this subsection.

(e) A distressed, or severely distressed, tax incremental district may not do any of the following:

1. Amend its project plan to add any new project costs.

2. Become part of a district with overlapping boundaries under sub. (10).

3. Expend any funds outside of the tax incremental district’s boundaries.

4. Add any territory to the district under sub. (4) (h) 2.

5. Become a donor district under sub. (6) (d), (dm), (e), or (f).

6. Make any expenditures after its expenditure period, as determined before its designation as a distressed, or severely distressed, district expires.

(f) If the joint review board approves a designation under par. (b) 3., the department of revenue shall certify the district as a distressed, or severely distressed, tax incremental district and shall send a copy of the certification to the city and to all overlying taxation jurisdictions. The department may impose a fee of $500 on a city for each district in the city that is so designated, for the additional costs incurred by the department in administering such a district.

(g) If any tax increments allocated to a distressed, or severely distressed, tax incremental district under this subsection exceed the amount needed to meet the distressed, or severely distressed, district’s annual expenditures identified in its existing project plan, the excess amount shall be used to retire any outstanding debt.
obligations of the district or to establish a reserve fund that may be used only to retire outstanding debt obligations of the distressed, or severely distressed, district.

**SECTION 2m.** 66.1105 (4m) (b) 4. of the statutes is amended to read:

66.1105 (4m) (b) 4. Before the joint review board submits its decision under subd. 3., or sub. (4e) (b) 3., a majority of the members of the board may request that the department of revenue review the objective facts contained in any of the documents listed in subd. 1., or sub. (4e) (a) 2. to determine whether the information submitted to the board complies with this section or whether any of the information contains a factual inaccuracy. The request must be in writing and must specify which particular objective fact or item the members believe is incomplete or inaccurate. Not later than 10 working days after receiving a request that complies with the requirements of this subdivision, the department of revenue shall investigate the issues raised in the request and shall send its written response to the board. If the department of revenue determines that the information in the proposal does not comply with this section or contains a factual inaccuracy, the department shall return the proposal to the city. The board shall request, but may not require, that the city resolve the problems in its proposal and resubmit the proposal to the board. If the city resubmits its proposal, the board shall review the resubmitted proposal and vote to approve or deny the proposal as specified in this paragraph.”.

**SECTION 3.** 66.1105 (6) (f) 2. c. of the statutes is created to read:

66.1105 (6) (f) 2. c. The recipient district is a mixed-use or industrial-use district that has been designated as a distressed, or severely distressed, district under sub. (4e).

**SECTION 4.** 66.1105 (7) (au) of the statutes is created to read:

66.1105 (7) (au) With regard to a distressed, or severely distressed, tax incremental district under sub. (4e), the time period specified in sub. (4e) (d) 2.

**SECTION 5. Effective date.**

(1) This act takes effect on October 1, 2009.